

Cover slide

Operator

Welcome to Oportun Financial Corporation's Fourth Quarter 2025 Earnings Conference Call. All lines have been placed on mute to prevent background noise. After the speakers' remarks, there will be a question-and-answer session. Today's call is being recorded. For opening remarks and introductions, I'd like to turn the call over to Dorian Hare, Senior Vice President of Investor Relations. Mr. Hare, you may begin.

Slide 2

Introduction: Dorian Hare, Senior Vice President, Investor Relations

Thanks, and hello everyone. With me to discuss Oportun's fourth quarter 2025 results are Raul Vazquez, Chief Executive Officer and Paul Appleton, our interim Chief Financial Officer, Treasurer and Head of Capital Markets. I'll remind everyone on the call or webcast that some of the remarks made today will include forward-looking statements related to our business, future results of operations and financial position, including projected Adjusted ROE attainment and expected originations growth, planned products and services, business strategy, expense savings measures and plans and objectives of management for our future operations. Actual results may differ materially from those contemplated or implied by these forward-looking statements, and we caution you not to place undue reliance on these forward-looking statements. A more detailed discussion of the risk factors that could cause these results to differ materially are set forth in our earnings press release and in our filings with the Securities and Exchange Commission under the caption, "Risk Factors," including our upcoming Form 10-K filing for the year ended December 31, 2025. Any forward-looking statements that we make on this call are based on assumptions as of today, and we undertake no obligation to update these statements as a result of new information or future events other than as required by law.

Also on today's call, we will present both GAAP and non-GAAP financial measures, which we believe can be useful measures for the period-to-period comparisons of our core business, and which will provide useful information to investors regarding our financial condition and results of operations. A full list of definitions can be found in our earnings materials, available at the investor relations section on our website. Non-GAAP financial measures are presented in addition to, and not as a substitute for, financial measures calculated in accordance with GAAP. A reconciliation of non-GAAP to GAAP financial measures is included in our earnings press release, our fourth quarter 2025 financial supplement and the appendix section of the fourth quarter 2025 earnings presentation, all of which are available at the investor relations section of our website at investor.oportun.com. In addition, this call is being webcast, and an archived version will be available after the call, along with a copy of our prepared remarks. With that, I will now turn the call over to Raul.

Raul Vazquez, Chief Executive Officer

Slide 3 [3Q25 Earnings Overview]

Thanks, Dorian, and good afternoon, everyone. Thank you for joining us.

Our fourth quarter results were strong. We met or exceeded all of our guidance metrics, reflecting continued operational discipline and strong execution across the business.

The four key headlines from the quarter are: sustained GAAP profitability, solid credit performance, ongoing expense discipline, and a reduced cost of capital.

1. Let's start with profitability.
 - We generated \$25 million of GAAP net income in 2025, including \$3.4 million in the fourth quarter. This capped a year of significantly enhanced profitability for Oportun, with full year GAAP net income improving by \$104 million and Adjusted EPS growing 89%.
 - These results were driven by growth in originations, improved credit performance, balance sheet optimization, and disciplined expense management.
2. Turning to credit performance:
 - Our annualized net charge-off rate was 12.3% in Q4, at the better end of the guidance range we provided.
3. On the expense side, Q4 operating expenses of \$84 million came in below the \$92 million expectation set last quarter and marked our lowest quarterly spend as a public company. Driven by disciplined expense management, full-year 2025 GAAP operating expenses totaled \$362 million, a \$49 million, or 12%, reduction from 2024.
4. Finally, our balance sheet optimization initiatives are lowering our cost of capital and positioning us for stronger long-term returns.
 - Driven by corporate debt repayments as well as actions related to our ABS notes and warehouse facilities, Q4 interest expense, excluding \$5.5 million of debt extinguishment costs, was \$52 million. That was \$4.1 million lower than Q3.
 - We also completed a \$485 million ABS transaction earlier this month, marking our fourth consecutive issuance with a sub-6% funding cost and a AAA rating on the senior notes.
 - Paul will further detail our balance sheet optimization initiatives and how they factor into our 2026 expectations.

Slide 4 [Strategic Priorities]

With our Q4 and full year 2025 highlights covered, I'll now review how we're executing against our three strategic priorities: **improving credit outcomes, strengthening business economics, and identifying high-quality originations.**

1. Starting with credit outcomes:
 - As we discussed in our second quarter call, the first half of the year included a higher mix of new members than expected, so we shifted originations toward returning members. That adjustment was effective - 74% of second half originations came from returning members, up from 64% in the first half.
 - To further strengthen our risk management approach, we also introduced new early default models focused on new and returning members, and added five new data sources into our underwriting process.
 - In 2026, a key focus will be upgrading our decisioning infrastructure capabilities to accelerate model training and deployment, thereby enabling us to respond even faster to evolving credit conditions.
2. Turning to business economics, we continue to make strong progress on efficiency and operating leverage.
 - During full year 2025, our risk adjusted net interest margin ratio improved 55 basis points year-over-year to 15.8%. As a reminder, that metric includes portfolio yield, net charge-offs, cost of capital and loan-related fair value impacts.
 - Our full year 2025 Adjusted OpEx ratio improved 109 basis points year-over-year to 12.7% of our owned portfolio.
 - Together, these improvements drove strong operating leverage, lifting Adjusted ROE by almost 1,000 basis points to 17.5%.
 - I'm also pleased to share that we are advancing a new initiative designed to enhance our unit economics and progress toward 20% to 28% annual GAAP ROEs, while expanding access to responsible credit.
 - In partnership with potential new bank sponsors and warehouse providers, we are exploring the reintroduction of risk-based pricing above 36% APRs for select higher-risk segments on shorter-term loans. This creates a meaningful opportunity to extend our mission of financial inclusion by responsibly serving consumers that we otherwise could not, while better aligning pricing and term length with risk in order to improve portfolio returns.
 - At the same time, we are selectively testing modestly lower APRs for certain higher-quality returning members to maximize lifetime value where competitive dynamics warrant it.
 - We are assuming only modest incremental profitability in the second half of 2026 as we roll this initiative out in a disciplined and measured manner. However, if executed successfully, we believe this initiative can drive higher earnings power in 2027 and beyond.
3. Finally, on identifying high-quality originations, we grew originations by 10% during full year 2025 while maintaining a conservative credit posture. We exceeded our prior expectation for high-single-digits percent growth by focusing on members with higher free cash flow and on channels that deliver the strongest results.

- In full year 2025, loan application growth more than doubled the rate of originations growth, while customer acquisition costs declined 6% to an average of \$117 - a testament to our strong loan demand, disciplined underwriting, and improved cost efficiency.
- And, expanding our secured personal loans portfolio, secured by members' autos, remains a key pillar of our responsible growth strategy.
 - SPL originations increased 51% in full-year 2025.
 - As a result, our secured portfolio grew 39% year-over-year to \$226 million, and secured loans now represent 8% of our owned portfolio, up from 6% at year-end 2024.
 - Importantly, secured personal loans losses were more than 600 basis points lower than unsecured personal loans during the year.
 - To continue our strong SPL growth momentum into 2026, we've recently initiated new direct mail campaigns targeted specifically at potential SPL customers who own their vehicles.

By executing against our three strategic imperatives—improving credit outcomes, strengthening business economics, and identifying high-quality originations—we've driven meaningful operational and profit improvement in 2024 and 2025. We're confident this disciplined framework will continue to support our momentum in 2026.

Slide 3 [3Q25 Earnings Overview]

With that, I'd like to now preview our initial 2026 outlook.

While our member base remains resilient, inflation above Federal Reserve targets, declining wage growth, uneven job creation, and policy uncertainty continue to create a cautious environment for low-to-moderate income consumers. Our outlook prudently assumes these conditions persist throughout 2026, alongside our currently tight credit posture. We remain well positioned to adjust quickly as conditions evolve.

The guidance for full year 2026 that Paul will soon detail for you is underpinned by:

- Mid-single-digits originations growth;
- A 1% to 2% decline in average daily principal balance;
- Revenue growth ranging from flat to a 2% decline;
- A net charge-off rate range with a midpoint reflecting slight year-over-year improvement;
- A reduction in interest expense of at least 10%; and
- Substantially flat operating expenses.

We expect these drivers to result in full year 2026 Adjusted EPS growth of 16% at the midpoint of our full year guidance. We also expect higher profitability in the second half than the first, as originations ramp under our normal seasonal pattern and loss rates improve.

Now, I will turn it over to Paul for additional details on our financial and credit performance, as well as our guidance.

Paul Appleton, Interim Chief Financial Officer, Treasurer & Head of Capital Markets

Slide 5 [Performance vs. Guidance]

Thanks Raul, and good afternoon everyone. Turning to **Slide 5**, we delivered a strong fourth quarter relative to guidance:

- Identifying high-quality originations enabled us to exceed the top end of our quarterly total revenue guidance range by \$1.7 million, or 1%.
- Combined with disciplined expense management, this drove strong Adjusted EBITDA of \$42 million, exceeding the top of our guidance range by \$5.5 million, or 15%.
- For full year 2025, we delivered Adjusted EPS of \$1.36, towards the high end of the \$1.30 to \$1.40 expectation, and achieved GAAP profitability of \$25 million, consistent with our full year GAAP profitability commitment.

Slide 6 [Fourth Quarter and Full Year Highlights]

Turning now to **Slide 6**, we recorded our fifth consecutive quarter of GAAP profitability, with net income of \$3.4 million and diluted EPS of \$0.07. We also generated Adjusted Net Income of \$13 million, and Adjusted EPS of \$0.27.

While maintaining credit discipline, fourth quarter originations of \$495 million were down 5% year-over-year, primarily due to credit tightening actions. This was modestly better than our prior expectation for a high-single-digit decline.

Total revenue of \$248 million declined by \$3.2 million, or 1% year-over-year.

- This decline was attributable to the absence of \$3.8 million of credit card revenue in the prior-year quarter. As a reminder, we completed the sale of our credit card portfolio in November of last year, a transaction that has been accretive on a cash basis.

Net decrease in fair value was \$99 million this quarter, due primarily to \$86 million in net charge-offs.

- Also included in the decrease in Q4 fair value were \$17 million of derivative-related impacts, in line with our expectations, associated with the acquisition of an Oportun-serviced loan portfolio and the wind-down of a related risk-sharing agreement. The majority, \$13 million, was non-cash. As we discussed on our prior earnings call, these loans were previously held by our bank sponsor, Pathward.

- We continue to expect a profitability benefit from the acquisition, driven by lower funding costs associated with owning the portfolio versus the prior arrangement with Pathward.
- We also expect derivative-related fair value impacts to be muted in the first quarter, and, following the wind-down, to no longer affect fair value in future quarters.
- Partially offsetting the impact of the wind-down, sustained lower ABS funding costs drove a favorable \$4.9 million mark-to-market adjustment on our loan portfolio.

Reported fourth quarter interest expense was \$58 million, down \$16 million year-over-year. After adjusting for debt repayment-related charges of \$17 million in the prior year quarter and \$5.5 million in Q4 2025, interest expense declined \$4.6 million, or 8%, year-over-year. This improvement reflects the balance sheet optimization initiatives Raul referenced earlier, which I'll detail momentarily.

Net revenue was \$90 million, down 3% year-over-year, as the impact of lower total revenue and a higher net decrease in fair value offset lower interest expense.

Operating expenses were \$84 million, down \$5.6 million, or 6%, year-over-year, better than our \$92 million expectation, and reflecting continued cost discipline. Our Adjusted OpEx Ratio reached a record low of 11.6%, marking the first time we've outperformed our 12.5% unit economics target. Importantly, as we work toward meeting our unit economic targets on a GAAP basis, our GAAP OpEx ratio improved to 12.0%, down from 13.1% in the prior-year quarter and also outperformed our target.

Adjusted EBITDA, which excludes the impact of fair value mark-to-market adjustments on our loan portfolio and notes, was \$42 million in the fourth quarter. This reflected a year-over-year increase of \$1.5 million, as lower operating expenses and interest expense more than offset higher net charge-offs and lower total revenue.

Adjusted Net Income, which excludes the debt repayment-related charges discussed earlier was \$13 million, down \$8.6 million year-over-year, primarily due to the wind-down of the Pathward risk-sharing agreement discussed earlier. Adjusted EPS similarly declined year-over-year from \$0.49 to \$0.27.

Importantly, GAAP net income before taxes was \$6.6 million, up \$2.7 million, or 68% year-over-year, as lower operating expenses more than offset lower net revenue.

GAAP net income was \$3.4 million and would have been higher absent repayment-related charges and the tax headwinds this quarter. The \$5.3 million year-over-year decline in GAAP net income was largely attributable to the tax comparison, as this quarter reflected \$3.2 million

of tax expense versus a \$4.8 million benefit in 4Q24 due to discrete items and R&D credit timing. Diluted EPS of \$0.07 declined by \$0.13 year-over-year.

Slides 7 [Credit Performance]

Next, I'd like to provide some additional color on our credit performance in Q4:

- As shown on **Slide 7**, our Q4 NCO rate increased as anticipated, coming in at 12.3% and at the low end of the annualized guidance we provided.
- As expected, the higher-loss pre-July 2022 back book continued to roll off, shrinking to less than 1% of our owned portfolio by year-end.
- Our 30+ delinquency rate was 4.9%, up a modest 13 basis points year-over-year. As a forward looking indicator, this supports our expectation that 1Q26 will represent the peak quarterly net charge-off rate for the year, with moderation beginning in the second quarter.

Slide 9 [Capital and Liquidity]

Turning to capital and liquidity, as shown on **Slide 9**, we continue to strengthen our debt capital structure by reducing higher-cost corporate debt, lowering our overall cost of capital, and enhancing liquidity.

First, I'm pleased with the progress we made deleveraging, ending 4Q25 at 7.2x debt-to-equity. That's down from 7.9x a year ago and from the 3Q24's peak of 8.7x. During 2025, shareholders's equity increased by \$36 million, or 10%, with consistent GAAP profitability supporting continued de-leveraging.

Reducing our high-cost corporate debt, which carries a 15% interest rate, remains our second-highest capital priority after originating high-quality loans and reinvesting in the business. Since the \$235 million corporate debt facility was put in place in November 2024, we've reduced the outstanding balance by \$70 million, or 30%, including \$37.5 million, or 16%, in Q4. These repayments lowered our annualized run rate interest expense by \$10.5 million, generating meaningful and sustainable savings.

During Q4, we increased total committed warehouse capacity from \$954 million to \$1.14 billion. We also extended the weighted average remaining term of our combined warehouse facilities from 17 months to 25 months and reduced the aggregate weighted average margin by 43 basis points. We achieved this by closing a new \$247 million, three-year revolving term, committed warehouse facility and improving the terms of existing facilities.

Following the fourth quarter and earlier this month, as Raul mentioned, we completed a \$485 million ABS transaction at a 5.32% weighted average yield.

In the last 9 months, we have raised \$1.9 billion in the ABS market at sub-6% yields, demonstrating sustained access to capital on favorable terms.

In addition to reducing higher-cost corporate debt by \$70 million during 2025, we increased our unrestricted cash balance by \$46 million, or 76%. As of December 31, total cash was \$199 million, of which \$106 million was unrestricted and \$93 million was restricted.

Slide 10 [Guidance]

Turning now to our guidance as shown on Slide 12, our outlook for the first quarter is:

- Total Revenue of \$225 to \$230 million
- Annualized net charge-off rate of 12.65% plus or minus 15 basis points, and
- Adjusted EBITDA of \$25 to \$30 million

At the midpoint, our Q1 revenue guidance implies an \$8 million year-over-year decline, reflecting seasonally lower demand during tax season and our continued tight credit posture.

Our Q1 annualized net charge-off rate midpoint guidance of 12.65% reflects the impact of first half 2025 originations, which included a higher percentage of new members prior to the tightening actions we implemented in the second half. We expect 1Q26 delinquencies to decrease to 4.4% to 4.5%, which would be 20 to 30 basis points lower than 1Q25 and 40 to 50 basis points lower sequentially than 4Q25. That anticipated improvement in delinquencies gives us confidence that charge-offs will decrease beginning in the second quarter. Importantly, our implied net charge-off guidance for the remaining three quarters of 2026 is approximately 11.65%, which is 100 basis points lower than the first quarter guidance midpoint, reflecting the impact of our tightened underwriting and improved mix.

At the midpoint, our Q1 Adjusted EBITDA guidance implies a year-over-year decline of approximately \$6 million—less than the expected revenue decline of \$8 million—driven by lower operating and interest expense.

Our initial full-year 2026 guidance includes:

- Total Revenue of \$935 to \$955 million
- Annualized net charge-off rate of 11.9% plus or minus 50 basis points
- Adjusted EBITDA of \$150 to \$165 million, and
- Adjusted EPS of \$1.50 to \$1.65

We expect to lower interest expense by more than 10% in 2026, which supports our Adjusted EPS guidance. We are confident in this expectation because the benefits of the balance sheet optimization initiatives completed in 2025 will flow through to our 2026 financials.

Midpoint growth of 16% in Adjusted EPS and 6% in Adjusted EBITDA, even amid macro uncertainty for low-to-moderate income consumers, reflects the resilience of both our members and our business model.

Slide 11 [Unit Economics]

Before I turn it back to Raul, let me briefly review our unit economics progress for full year 2025. Although our long-term targets are GAAP targets, I'll reference adjusted metrics because they remove non-recurring items and better reflect our future run rate.

As shown on **Slide 11**, we made meaningful progress during the year. Full-year 2025 Adjusted ROE was 17.5%, nearly a 10 percentage point year-over-year improvement, driven primarily by cost reductions and improved credit performance. We expect to build on this progress in 2026.

Our north star remains delivering GAAP ROEs of 20 to 28% annually. We plan to achieve this by reducing annualized net charge-offs to 9 to 11%, lowering operating expenses to 12.5% of our owned portfolio, and attaining 10 to 15% annual growth in our owned loan portfolio.

We also intend to make substantial progress towards returning to our target 6:1 debt-to-equity leverage ratio this year, by reducing our debt outstanding and continuing to grow GAAP profitability.

With that, Raul, back over to you.

Cover slide [Closing Remarks]

Raul Vazquez, Chief Executive Officer

Thanks, Paul.

To close, I'd like to emphasize three key points:

- First, we're pleased with our 2025 results. On a full year basis, we improved GAAP net income by \$104 million and grew Adjusted EPS by 89%;
- Second, we expect full year profitability to improve across all metrics in 2026. Although the additional credit tightening implemented in the second half of last year is expected to temper revenue growth in 2026, we still project 10% to 21% Adjusted EPS growth per our guidance, improved ROE, and higher GAAP profitability year-over-year.
- And, third, we see a compelling long-term opportunity ahead for Oportun. The progress we've made over the past year in reducing leverage, lowering our cost of capital, and strengthening our liquidity enables us to focus squarely on operational execution and

profitable, sustainable growth. For 2026, we are assuming only modest incremental profit from the risk-based pricing initiatives discussed earlier, as we roll them out prudently. However, if executed successfully, a return to risk-based pricing could enhance earnings growth beginning in 2027 and drive additional progress toward our 20% to 28% GAAP ROE objective over time.

This will be my final earnings call as CEO of Oportun. I will step down as Chief Executive Officer and from the Board by April 3, or earlier if the Board appoints a successor. Following that, I will serve as an advisor through July 3 to support a smooth transition.

I will continue meeting with investors this quarter and am working closely with the Board and management team to ensure an orderly and seamless leadership transition.

It has been a privilege to lead Oportun for nearly 14 years and to work alongside such a talented, committed, and mission-driven team. I am deeply grateful to our employees, members, partners, and shareholders for the trust and support they have shown me throughout this journey.

I am confident that Oportun is well positioned for its next chapter, with a strong foundation, a clear strategy, and a team fully capable of continuing to deliver for our members and shareholders.

With that, Operator, let's open up the line for questions.

[Question & Answer Session]

Conclusion: Raul Vazquez, Chief Executive Officer

Thank you again for joining today's call. We appreciate your continued interest in Oportun, and look forward to speaking with you again soon.